

Message Text

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ACTION TRSE-00

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08
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E.O. 11652: N/A
TAGS: PINT, ECON, EAID, IMF, GY
SUBJECT: PARLIAMENT APPROVES IMF STANDBY AGREEMENT

REF: GEORGETOWN 2566 (NOTAL)

BEGIN SUMMARY: PARLIAMENT AUGUST 24 PASSED A MOTION
APPROVING THE STANDBY ARRANGEMENT RECENTLY CONCLUDED BY THE
GOVERNMENT OF GUYANA (GOG) WITH THE IMF (REFTEL). THE MOTION WAS
SUPPORTED BY THE RULING PEOPLE'S NATIONAL CONGRESS (PNC) PARTY
AND SMALL CONSERVATIVE OPPOSITION UNITED FORCE (UF) PARTY. THE
MOTION WAS OPPOSED BY THE MOSCOW-ORIENTED PEOPLE'S PROGRESSIVE
PARTY (PPP). ALTHOUGH THE PNC DID NOT HAVE TO SUBMIT THE AGREE-
MENT TO PARLIAMENT FOR ITS APPROVAL, THE RULING PARTY OBVIOUSLY
THOUGHT IT WAS IN ITS INTERESTS TO DO SO. END SUMMARY.

1. THE CONCLUDING SPEAKER IN OPPOSITION TO THE MOTION, PPP
LEADER CHEDDI JAGAN, EXPLAINED TO THE NATIONAL ASSEMBLY THAT THE
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CAPITALIST WORLD IS IN CRISIS. THE OLD TACTICS OF DIRECT
AND INDIRECT AGGRESSION CAN NO LONGER BE USED. NOW, THE
IMPERIALIST, CAPITALIST NATIONS USE THE IMF, WORLD BANK,
IADB, AND US AGENCY FOR INTERNATIONAL DEVELOPMNET TO
OBTAIN NEW MARKETS BY FIRST ENCIRCLING, AND THEN DIRECTING
THE ECONOMIES OF THE LESSER DEVELOPED NATIONS THROUGH THE
"DEBT TRAP". THOSE GOVERNMENTS SUCH AS IN PERU, WHICH

ACCEPT LOANS FROM THOSE AGENCIES MEET GROWING RESISTANCE FROM THE WORKING CLASS, ADOPT MORE REPRESSIVE MEASURES, AND BECOME FASCIST. (JAGAN ADMITTED THAT YUGOSLAVIA AND ROMANIA HAD CONCLUDED IMF AGREEMENTS, BUT CHARGED THAT THEY WERE "REVISIONIST". THE SOVIET UNION, ON THE OTHER HAND, LEGITIMATELY USED WESTERN CREDITS BECAUSE IT IS MOVING FROM THE STAGE OF ADVANCED SOCIALISM TO COMMUNISM.)

2. JAGAN ALSO CHARGED THAT THE PNC HAS BROUGHT GUYANA TO A STATE OF BANKRUPTCY BY ITS INABILITY TO DEAL WITH A "CRISIS OF PRODUCTION" AND THE "STAGNATION OF EXPORTS". THE ACCEPTANCE OF FOREIGN CAPITAL COULD NOT SOLVE THESE PROBLEMS. THE ACCEPTANCE OF THE DEMANDS OF THE IMF, SUCH AS THE END OF SUBSIDIES, ENFORCED SAVINGS, AND HIGHER PRICES FOR IMPORTS, WOULD ONLY FURTHER HURT THE WORKING CLASS. JAGAN ADVISED THE GOVERNMENT SIMPLY TO REFUSE TO PAY ITS FOREIGN DEBTS, ESPECIALLY IF THE PNC IS SINCERE IN FOLLOWING ITS AVOWED POLICY OF ANTI-IMPERIALIST SOCIALISM. JAGAN CONCLUDED BY URGING THE PNC TO ACCEPT THE PPP'S PROPOSAL FOR A PATRIOTIC, NATIONAL UNITY GOVERNMENT, OR FAILING THAT, TO ADOPT THE PPP'S POLITICAL PROGRAM, INCLUDING THE NATIONALIZATION OF ALL COMMERCIAL BANKS AND REVOLUTIONARY LAND REFORM.

3. MINISTER OF ECONOMIC DEVELOPMENT AND COOPERATIVES
DESMOND HOYTE, CONCLUDING SPEAKER FOR THE GOVERNMENT,
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EXPLAINED THAT THE STANDBY ARRANGEMENT WAS NOT A LOAN, BUT AN AGREEMENT TO ENABLE THE GOVERNMENT TO PURCHASE FOREIGN CURRENCIES FROM THE FUND. BY ENTERING INTO THE AGREEMENT, GUYANA WAS ABLE TO DEMONSTRATE THE BASIC SOUNDNESS OF ITS ECONOMY AND ITS ABILITY TO IMPROVE ITS ECONOMIC PERFORMANCE DURING THE NEXT YEAR. THIS, IN TURN, WOULD ENABLE THE GOG TO SECURE INTERNATIONAL FINANCIAL ASSISTANCE WHICH COULD HELP GUYANA IN ITS DEVELOPMENT PROGRAM. HOYTE DENIED THAT GUYANA HAD BEEN FORCED BY THE IMF TO ADOPT ANY AUSTERITY MEASURES OR CONDITIONS. HE REITERATED GUYANA'S COMMITMENT TO NON-ALIGNED SOCIALISM, AND ANNOUNCED THAT GUYANA WOULD NOT ONLY MEET THE TARGETS OF THE STANDBY AGREEMENT, BUT ALSO EXCEED THEM. HE ADDED THAT GUYANA WAS NOT PLANNING TO RESCHEDULE ANY OF ITS EXTERNAL DEBTS.

4. COMMENT: APPROVAL OF THE IMF AGREEMENT BY PARLIAMENT WAS REQUIRED NEITHER BY THE AGREEMENT ITSELF, NOR BY GUYANESE LAW. BY PERMITTING DEBATE ON THE MEASURE, HOWEVER, THE PNC ACCOMPLISHED SEVERAL GOALS. FIRST, THE PNC BOLSTERED ITS ARGUMENT THAT THE GOG IS A GOVERNMENT OF THE PEOPLE, AIRING MATTERS OF PUBLIC IMPORTANCE. SECONDLY,

PARTICIPATION IN ANY DEBATE BY THE OPPOSITION LENDS
LEGITIMACY TO A PARLIAMNET WHOSE LIFE WAS EXTENDED WITHOUT
GENERAL ELECTIONS BY THE CONTROVERSIAL JULY 10 CONSTITU-
TIONAL REFERENDUM. IN ANY EVENT, GIVEN THE INABILITY OF
THE PPP TO RISE ABOVE ITS HACKNEYED "MARXIST RHETORIC,"
THE PNC SEEMS TO HAVE LITTLE TO LOSE IN LETTING CHEDDI
JAGAN AND IS COLLEAGUES EXERCISE THEIR RIGHT OF FREE
SPEECH.
DWYER

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